

WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY DIVISION

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JAN - 8 2010

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality (WDEQ) and Ridge Creek Investment Company enter into this Settlement Agreement to fully and finally resolve without litigation the violation alleged in the WDEQ Notice of Violation (NOV), Docket Number 4520-09, dated July 22, 2009. The NOV alleges the construction of a public water supply system consisting of about 450 feet of 4-inch PVC and a sewage collection system consisting of about 400 feet of 4-inch ABS well without a permit. This is a violation of the Wyoming Environmental Quality Act. The location of the violation is in the Southeast quarter ¼ of the Southeast ¼ of Section 20 of Township 37 North (T37N), Range 118 West (R118W) in Lincoln County, Wyoming.

Wyoming Statute (W.S.) 35-11-901 (a) (ii) authorizes the WDEQ to negotiate a stipulated settlement in lieu of litigation. To that end, Ridge Creek Investment Company and the WDEQ hereby stipulate and agree as follows:

- 1 of 19 The WDEQ, pursuant to W.S. 35-11-104, is a department in the executive branch of the state government of Wyoming and is principally situated in Cheyenne, Wyoming. WDEQ is the agency with the responsibility for administering the Wyoming Environmental Quality Act including all provisions of the WDEQ rules.
- 2 of 19 Ridge Creek Investment Company is the owner of a public water supply and a sewerage system located in Section 20 of T37N, R118W in Lincoln County. The public water supply and sewerage system serve the Flying Saddle Lodge.
- 3 of 19 The construction of a public water supply without a permit to construct is a violation of W.S. 35-11-301(a)(v).
- 4 of 19 The construction of a sewerage system without a permit to construct is a violation of (W.S.) 35-11-301(a)(iii).
- 5 of 19 Ridge Creek Investment Company agrees to pay a penalty of Six thousand dollars (\$6000.00) as a stipulated settlement condition in lieu of litigation.
- 6 of 19 Therefore upon Ridge Creek Investment Company submitting a signed copy of this Settlement Agreement a payment of Six thousand dollars (\$6,000) payable to the WDEQ is due. Payment shall be by check and made payable to the Wyoming Department of Environmental Quality/Water Quality Division and shall be sent to: Lou Harmon, Wyoming Department of Environmental Quality, Water Quality Division, Herschler Building, 4th Floor-West, 122 West 25th Street, Cheyenne, Wyoming 82002.
- 7 of 19 Ridge Creek Investment Company agrees to constructing a public water supply and sewerage system that connects to North Star Utility and then serves the 6 cabins and pool area at Flying Saddle Lodge in compliance with Chapters 11 and 12 of the Wyoming Water Quality Rules and Regulations. A variance must be requested for any deviation from the construction requirements of Chapters 11 and 12. All construction requirement variances must meet the requirements listed under Section 5 of Chapters 11 and 12. This construction is to be completed within one year (365 days) from the date a permit is issued by the WDEQ.
- 8 of 19 Ridge Creek Investment Company agrees to having a Professional Engineer Licensed in the State of Wyoming submit an application for a permit to construct along with plans and specification for the construction of a public water supply and a sewerage system to serve the 6 cabins and pool area at Flying Saddle Lodge within sixty (60) days of the last signature date of this settlement agreement.

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- 9 of 19 WDEQ commits to reviewing and providing compliance comments base on the Ridge Creek Investment Company permit application submittal for a public water supply and sewerage system within ninety (90) days of the last signature date of this settlement agreement.
- 10 of 19 Ridge Creek Investment Company commits to having his engineer responding to the WDEQ compliance comments and resubmitting corrected plans and specifications covering the public water supply and sewerage system within one hundred and twenty (120) days of the last signature date of this settlement agreement.
- 11 of 19 WDEQ commits to issuing a construction permit, provided that the construction plans and specifications demonstrate compliance with the Chapters 3, 11 and 12 of the Wyoming Water Quality Rules and Regulations. The permit is to be issued within one hundred and fifty (150) days of the last signature date of this settlement agreement.
- 12 of 19 This signed Settlement Agreement, as specified above, shall constitute full satisfaction for and resolution of all claims by the WDEQ against Ridge Creek Investment Company based on the violations alleged in NOV Docket Number 4520-09. Contingent upon Ridge Creek Investment Company's compliance with the terms of this Settlement Agreement, the WDEQ will refrain from taking further enforcement action against Ridge Creek Investment Company for the violation cited in this Settlement Agreement. By this Settlement Agreement, the parties intend to resolve with prejudice all allegations that were asserted in NOV Docket Number 4520-09.
- 13 of 19 Ridge Creek Investment Company waives any statute of limitations which may apply to an enforcement action by the WDEQ involving the specific matters described in NOV Docket Number 4520-09 in the event that Ridge Creek Investment Company fails to fulfill its obligations under this Settlement Agreement.
- 14 of 19 Nothing in this agreement precludes WDEQ from taking additional enforcement action, including the issuance of a Notice of Violation, Order and/or pursuing additional penalties, should Ridge Creek Investment Company violate the Wyoming Environmental Quality Act or applicable rules and regulations in the future.
- 15 of 19 This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
- 16 of 19 Not withstanding any other language in this Settlement Agreement, the State of Wyoming and WDEQ do not waive sovereign immunity by entering into this Settlement Agreement with Ridge Creek Investment Company, and specifically retain all immunity and all defenses available as sovereigns under state and federal law.
- 17 of 19 Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
- 18 of 19 This Settlement Agreement is binding upon Ridge Creek Investment Company, its successors and assigns, and upon the WDEQ.
- 19 of 19 The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

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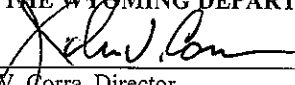
FOR Ridge Creek Investment Company

Signed:  Date: Jan. 4, 2010

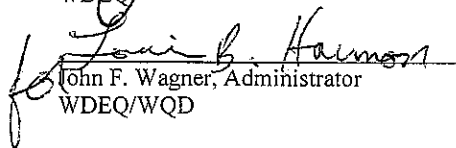
Typed: Abi Garaman

Title: General Partner

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:


John V. Corra, Director
WDEQ

Date: 1/12/10


John F. Wagner, Administrator
WDEQ/WQD

Date: 8 JAN 2010

xc: Lou Harmon, P.E., WDEQ, Cheyenne
Mark Baron, P.E., WDEQ, Lander
Keith Guile, WDEQ Public Information Officer
Docket Number 4520-09

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